GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2687
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Non-executive Directors in PSBs
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Will the Minister of FINANCE be pleased to state:

(a) the details of the rules laid down for selection of non-executive directors in Public Sector Banks (PSBs) in the country;
(b) the number of non-executive directors functioning as on date, bank-wise;
(c) whether the Government has fixed any minimum educational qualification for selection of non-executive directors and if so, the details thereof;
(d) whether these non-executive directors have been appointed just for namesake and the banks do not consider the suggestion put forth by them; and
(e) if so, the details thereof along with the reaction of the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) and (c): The details of rules laid down for selection of non-executive directors (Non-official directors and Non-official directors under CA category) on the Boards of Public Sector Banks (PSBs) are as follows:
I. Criteria of experience
The following categories of persons will be considered for appointment of Part-Time Non-Official Director on the Boards of PSBs/RBI/FIs/PSICs:
a. Persons of eminence with special academic training or practical experience in the fields of agriculture, rural economy banking, cooperation, economics, business management, human resources, finance, corporate law, Risk Management, industry and IT will ordinarily be considered. 20 years of industry experience at a senior position, established expertise in respective areas (successfully led a reputed organization, brought turnaround in a failing organization) would be preferred.
b. Retired senior Government officials with total experience of 20 years and minimum 10 years of experience at Joint Secretary and above level. Retired CMDs/EDs of Public Sector Banks after one year of retirement. The ex-CMDs/EDs will not be considered for appointment as NOD on the Board of the PSB from which they have retired. Serving CMDs/EDs of a PSB will not be considered for appointment as NOD on the Board of any other PSB.
c. Academicians Directors of premier Management Banking Institutes and Professors having more than 20 years experience.
d. Chartered Accountants with 20 years experience (excluding audit experience) would also be preferred.
e. However, the experience criteria may be relaxed with the approval of the Finance Minister in exceptional cases based on merits of the case.
f. Wherever possible representation may also be given to women and the persons belonging to SC/ST/OBC community.
II. Criteria of Educational Qualification
An NOD should at least be a graduate in any stream preferably with specialization in Business Management, Risk Management, Finance, Human Resources and IT.
III. Criteria of age
The age of the Director, on the date of recommendation by Search Committee should not be more than 67 years.
IV. Criteria of Work Experience
Professionals/academicians should ordinarily have 20 years of work experience in their particular field.
V. Criteria of Disqualification
(a) A Director already on a Bank/Financial Institution (FIs)/RBI/Insurance Company, under any category, may not be considered for nomination as NOD in any other Bank/FI/RBI/Insurance Company.
(b) Persons connected with hire purchase, financing investment, leasing and other para-banking activities, MPs, MLAs, MLCs and Stock Brokers will not be appointed as non-official directors on the boards of Banks/FIs/RBI/Insurance Companies. Investors in a hire purchase, financing investment, leasing and other para banking activities would not be disqualified for appointment as NOD, if they are not having any managerial control in such companies.
(c) No person may be re-nominated as an NOD on the Board of a Bank/FI/RBI/Insurance Company on which he/she has served as Director in the past under any category for two terms or six years whichever is longer.
VI. Criteria of Tenure
An NOD would not be considered for nomination as a Director on the Board of a Bank/FI/RBI/Insurance Company if such Director has already been a NOD/Shareholder Director on the board of any other Bank/FI/RBI/Insurance company for six years, whether continuously or intermittently.
VII. Professional Restrictions
(i) If a Chartered Accountant firm is currently engaged in any PSB as a Statutory Central Auditor, no partner of the same Chartered Accountant firm shall be eligible for appointment as NOD in any Nationalised Bank/PSB.
(ii) If a Chartered Accountant firm is currently engaged in a Nationalised Bank as Statutory Branch Auditor or Concurrent Auditor, no partner of the same Chartered Accountant firms should be eligible for appointment as a NOD in the same Bank.
(b): As on date, bank-wise details of non-executive directors (Non official Directors and Non official directors under CA category)

functioning are annexed.
(d) and (e): Non-executive directors (Non official Directors and Non official directors under CA category) on the Board of the Bank actively take part in the deliberations held during the Board meetings on various agenda placed to the Board. Views and suggestions of non-executive directors are given due weightage and decisions are taken by the Board of Directors and its Committees.
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ANNEX

Details of Non-executive Directors in Public Sector Banks

S. No. Name of the Bank Number of Non-official Directors functioning Number of Non-official Directors functioning under CA category
Allahabad Bank 2 0
Andhra Bank 0 0
Bank of Baroda 1 1
Bank of India 0 1
Bank of Maharashtra 1 1
Canara Bank 0 0
Central Bank of India 0 1
Corporation Bank 1 0
Dena Bank 2 0
Indian Bank 1 1
Indian Overseas Bank 0 1
Oriental Bank of Commerce 1 1
Punjab & Sind Bank 1 0
Punjab National Bank 0 1
Syndicate Bank 2 1
UCO Bank 0 1
Union Bank of India 1 0
United Bank of India 0 0
Vijaya Bank 3 0
IDBI Bank Ltd. 0 Not applicable
Bharatiya Mahila Bank 0 Not applicable
State Bank of India 2 Not applicable
State Bank of Patiala 1 Not applicable
State Bank of Travancore 0 Not applicable
State Bank of Mysore 2 Not applicable
State Bank of Hyderabad 3 Not applicable
State Bank of Bikaner & Jaipur 0 Not applicable
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